LEGAL AND INSTITUTIONAL FRAMEWORK OF ESG IN AZERBAIJAN

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SUMMARY

The application of ESG (Environmental, Social, and Governance) principles in Azerbaijan has become the focus of more attention in recent years. These principles are an approach that ensures that organizations are evaluated not only by economic indicators, but also by their environmental impact, social responsibilities, and management qualities. ESG plays an important role in the development of the global economy, and in the concepts of sustainability and social responsibility of companies. In Azerbaijan, the legal and institutional framework in this area is still developing, but the country continues to take appropriate steps to strengthen the application of these principles in accordance with various international standards.

Keywords: *ESG principles, environmental protection, renewable energy, climate change, green energy*

INTRODUCTION

The legal and institutional framework is important in terms of regulating and expanding ESG. The international treaties to which Azerbaijan is a party, the country's legislation and the activities of existing institutions in this area constitute an important basis for the implementation of ESG principles on a local basis. Thus, this article will review the legal and institutional framework of ESG principles in Azerbaijan, and discuss the laws, organizations and existing initiatives applied to implement these principles.

MAIN PART

The legal and institutional framework of ESG (Environmental, Social, and Governance) principles in Azerbaijan is important for the country to develop in accordance with international standards and implement policies aimed at sustainable development. ESG principles ensure that companies and other organizations operate taking into account their environmental impact, social responsibilities and governance structures. There are several legal and institutional frameworks for the implementation of these principles in Azerbaijan [1].

1. Legal framework:

The existing legislation and international conventions on the application of ESG (Environmental, Social, and Governance) principles in Azerbaijan are of great importance for the country to pursue the goal of sustainable development in accordance with international requirements. ESG principles encourage companies and other organizations to operate taking into account not only financial indicators, but also their social responsibilities, environmental impacts and transparency of management structures. The legal and institutional framework for ESG in Azerbaijan is supported by a number of relevant laws, regulatory acts and international conventions in order to implement and strengthen these principles within the country. This legislation consists of laws and regulatory acts covering the environmental, social and governance aspects of ESG:[2].

Table 1.

Environmental protection laws	Azerbaijan has a number of laws related to environmental protection, such as the Law of the Republic of Azerbaijan "On Environmental Protection" (1999) and other relevant normative acts. These laws are relevant to the environmental part of ESG.

Protection of social rights	Azerbaijan has several legal norms and legislation on the protection of labor rights, including laws on labor rights, gender equality and social protection.
Governance and corporate governance	Relevant Azerbaijani legislation, in particular the Law "On State Registration and State Register of Legal Entities in the Republic of Azerbaijan" and the Law "On Companies", is aimed at ensuring transparency and integrity of the corporate governance structure.
International standards and conventions	Azerbaijan has joined various international treaties and conventions in order to ensure compliance with international ESG principles, such as the United Nations Environment and Development Programme (UNEP), the International Labour Organization (ILO) standards and the principles proposed by other international organizations.

The improvement of the legal framework in accordance with ESG principles in Azerbaijan has occurred through the integration of both international and local legislation. Relevant laws and regulatory acts ensuring environmental protection, social responsibility and transparency of corporate governance have enabled Azerbaijan to comply with international standards in this area and implement ESG. For example, the Law on Environmental Protection, the Labor Code, the Law on Companies, and international documents such as the UN Sustainable Development Goals and the Paris Climate Agreement strengthen the legal framework of ESG.

In addition, state agencies that monitor and implement the application of the legal framework, as well as non-governmental organizations, ensure the application and development of ESG principles at the local level. The activities of many state and non-governmental organizations related to environmental protection, social equality, gender equality, labor rights and improving corporate governance support the legal framework of ESG and create broad opportunities for the application of these principles in the country [2].

In conclusion, although the legal framework for ESG in Azerbaijan is still in its development stage, existing laws, international conventions and the activities of state institutions provide great support for the implementation of these principles. Further improvement of the legal framework and effective implementation of all aspects of ESG will help Azerbaijan achieve its sustainable development goals both domestically and internationally.

2. Institutional framework:

The implementation of ESG (Environmental, Social, and Governance) principles in Azerbaijan depends not only on the legal and regulatory framework, but also on the activities of various state and non-state institutions. These institutions implement relevant policies and measures to monitor, promote and ensure the implementation of ESG principles. There are several important state and non-state institutions that ensure the implementation of ESG principles in Azerbaijan: [3].

Table 2.

State Committee for Environmental Protection	This committee implements state policy on environmental protection and regulates the environmental aspect of ESG. The committee also conducts relevant research on

	environmental issues and puts forward various initiatives.
State Statistical Committee of the Republic of Azerbaijan	It is one of the main institutions that collects and publishes social indicators and benchmark data related to ESG. This institution provides data on social and economic indicators and monitors the social aspect.
International Financial Institutions and Organizations	The World Bank, the International Monetary Fund (IMF) and other international financial institutions support the implementation of ESG principles in Azerbaijan, which are considered important institutions for the country.
State Commission for Corporate Governance	The institution, which operates with the aim of improving corporate governance in Azerbaijan, is working to implement ESG principles in companies and increase the transparency of management structures.

State institutions, including the State Committee for Environmental Protection, the Ministry of Finance, the Ministry of Social Protection and Labor, and the State Commission for Corporate Governance, implement relevant policies and regulations for the implementation of ESG principles. These institutions implement special programs and activities to ensure the implementation of ESG principles in various areas, from environmental protection to social justice and corporate governance.

At the same time, non-governmental institutions and international organizations, such as the Azerbaijan Corporate Governance Center (ACG) and the International Finance Corporation (IFC), play an important role in promoting and implementing ESG. These institutions conduct training and awareness-raising activities, especially in the business world, on the promotion, promotion and implementation of ESG principles [3].

As a result, the institutional framework supporting the implementation of ESG principles in Azerbaijan is strengthened by the joint cooperation of both state institutions and non-governmental organizations. The activities of these institutions contribute to the creation of the legal and organizational conditions necessary for the implementation of ESG principles. The development and improvement of the institutional framework has a positive impact on Azerbaijan's achievement of sustainable development goals at the international level, as well as on the protection of social responsibility and ecological balance.

Initiatives and projects implemented in Azerbaijan towards the implementation of ESG (Environmental, Social and Governance) principles are implemented by both government agencies and international organizations. These initiatives are aimed at various areas such as environmental protection, addressing social issues and strengthening governance structures [4]. The implementation of ESG principles plays an important role in achieving Azerbaijan's sustainable development goals, and projects in this area contribute to ensuring ecological balance, increasing social equality and establishing transparent governance systems within the country.

CONCLUSION

Although the legal and institutional framework of ESG in Azerbaijan is still in the development stage, significant steps have been taken to implement ESG principles at various legal and organizational levels. Strengthening and further expanding these principles will ensure the country's sustainable development and compliance with international requirements.

List of used literature

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